



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D05-419
APPLE COMPUTER, INC.,)	
)	CONSENT AND ORDER
A Service Contract Provider)	IMPOSING A FINE

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.05.185, and makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Apple Computer, Inc. ("Apple" or "The Company") was selling service contracts in Washington as of June 1, 2000. Apple was not registered with the OIC as a Service Contract Provider.
2. When Apple learned that it was required to register as a service contract provider, the company voluntarily ceased selling service contracts in Washington and self-reported to the OIC. Apple was cooperative with the OIC during its investigation.
3. Apple received a Certificate of Registration as a Service Contract Provider on May 11, 2005. Upon receiving its Certificate, Apple resumed sales of service contracts.

CONCLUSION OF LAW

1. Apple's sale and issuance of service contracts when it did not have a valid registration as a service contract provider issued by the Insurance Commissioner violated RCW 48.110.030(1).

CONSENT TO ORDER

Apple Computer, Inc. consents to entry of this Order, waives further administrative or judicial proceedings in this matter, and acknowledges its duty to comply fully with the applicable laws of the State of Washington. The Commissioner has offered a settlement in lieu of suspending or revoking Apple Computer, Inc.'s certificate of authority.

By agreement of the parties, the OIC will impose a fine of \$ 100,000 on Apple Computer, Inc. for its failure to register as a Service Contract Provider with the OIC prior to selling service contracts on condition that:

1. Within thirty days of the entry of this Order, Apple agrees to pay to the OIC a fine in the amount of \$ 100,000;

2. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Apple's status as a registered Service Contract Provider and recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general; and

3. Apple understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further enforcement action which may be brought in direct response to that further violation.¹

EXECUTED this 25 day of May, 2006.

APPLE COMPUTER, INC.

By: pti Dil

Title: V/P and CEO

ORDER OF THE INSURANCE COMMISSIONER

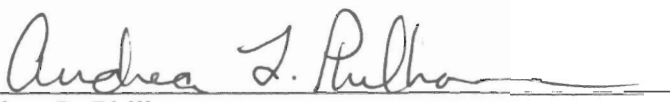
NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Apple Computer, Inc. is ordered to pay a fine in the amount of \$ 100,000.
2. \$ 100,000 must be paid in full within thirty days of the date of entry of this order. Failure to pay this fine or to adhere to the conditions shall constitute grounds for revocation of Apple Computer's status as a registered Service Contract Provider, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 31 day of May, 2006.

¹ Apple, in reliance on Sheldon v. ASI, 123 Wn. App. 12, 95 P.2d 391 (2004), expressly reserves its right to assert that it has not violated the law in legal proceedings with any agency, private party, or entity. Apple agrees not to assert that position insofar as the Washington OIC is concerned.

Mike Kreidler
Washington State Insurance Commissioner

By: 
Andrea L. Philhower
Staff Attorney, Legal Affairs Division